

## Message Text

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ACTION L-03

INFO OCT-01 EA-07 ISO-00 TRSE-00 DLOS-04 EB-07 OFA-01

DOT E-00 OES-03 /026 W

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R 090905Z SEP 75

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 184

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C O R R E C T E D C O P Y P A R A 2 C L I N E 2

EO 11652: N/A

TAGS: EFIN ID

SUBJ: US-INDONESIA DRAFT INCOME TAX CONVENTION

REF: STATE 203042

1. SUMMARY AND ACTION REQUESTED: VERY MUCH APPRECIATE  
THOUGHTFUL SUGGESTIONS REFTEL. HOPE DEPARTMENT CAN AGREE  
TO SOME RECASTING WHICH WE BELIEVE WILL MAKE OUR POSITION  
EASIER TO DEFEND. END SUMMARY

2. REGARDING DEPARTMENT'S IMAGINATIVE PROPOSAL TO CIRCUM-  
NAVIGATE GEOGRAPHIC DEFINITION IN ARTICLE 3 ALTOGETHER, WE  
ARE SOMEWHAT APPREHENSIVE THAT INDONESIANS' ATTENTION WILL  
BE DRAWN UNERRINGLY TO USE OF WORD "ACTIVITIES" IN NEW  
SUBPARAGRAPH 3(1)(C), AND THAT WE MAY BE UNABLE TO SELL  
THE IDEA THAT THE TERMS INDONESIA AND UNITED STATES  
"...INCLUDE OFFSHORE ACTIVITIES..." IN GROPING FOR AN  
ANSWER WE DEVELOPED FOLLOWING LANGUAGE WHICH, FOLLOWING  
DEPARTMENT'S EXAMPLE, AVOIDS GEOGRAPHICAL DEFINITION:  
"(C) THE USE OF THE TERMS REFERRED TO IN SUB-  
PARAGRAPHS A AND B IN A GEOGRAPHICAL SENSE SHALL  
HAVE THE EFFECT OF EMBRACING IN THE INCOME TAX  
JURISDICTION OF THE RESPECTIVE CONTRACTING STATES  
THOSE ACTIVITIES WHICH ARE SUBJECT TO SUCH JURIS-  
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DICTION IN ACCORDANCE WITH INTERNATIONAL LAW."

ALTHOUGH PONDEROUS, WE THINK THE ABOVE MIGHT POSSIBLY  
AROUSE FEWER SUSPICIONS ON INDONESIANS' PART THAN LANGUAGE  
PARA 3 REFERENCE, WHILE PRESERVING ITS INTENT. REQUEST  
DEPARTMENT CONSIDER ITS ACCEPTABILITY TO USG AND ADVISE  
ASAP. KWOULD REFERENCE TO "CONTRACTING STATES" IN ABOVE  
REQUIRE THAT THIS SUBPARAGRAPH BE PLACED AFTER DEFINITION  
OF CONTRACTING STATE?)

3. WITH RESPECT DELETIONS FROM ARTICLE 3, WE NOTE  
THAT 3(1)(B) CONSISTS OF ONLY ONE SENTENCE. ASSUME WE  
MUST INSERT A PERIOD AFTER "MEANS THE REPUBLIC OF INDONESIA,"  
AND DELETE ALL THAT FOLLOWS.

4. THIS LEAVES US WITH PROBLEM THAT DEFINITIONS OF US  
AND INDONESIA ARE NON-PARALLEL. COULD DEPARTMENT GO WITH  
DELETING ALL OF PARAGRAPH 3(1)(A) THAT FOLLOWS" ... MEANS  
THE UNITED STATES OF AMERICA.?"  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** AGREEMENT DRAFT, INCOME TAXES, TAX AGREEMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 09 SEP 1975  
**Decaption Date:** 01 JAN 1960  
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**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** CunninFX  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
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